

2 May 1955

MEMORANDUM FOR: Deputy Director Support

THROUGH : Director of Personnel

SUBJECT : Proposed Legislation for CIA

The Congress has passed the Foreign Service Act Amendments of 1955 and they have been signed into law (Public Law 22 - 84 Congress). The authorities granted to the State Department under the Foreign Service Act Amendments include authority for payment of expenses for the elementary and secondary education of dependent children at posts abroad, as well as certain other authorities relating to allowances which are of interest to CIA.

The Chairman of the CIA Career Service Board, in a memorandum to the Director of Central Intelligence dated 13 January 1954, forwarded the Board's recommendation that legislation be obtained granting educational allowances for CIA dependents under certain conditions. In the same memorandum it was also recommended that the statutory home leave benefits provided for Foreign Service personnel be extended by legislation to employees of CIA.

It is our understanding that the Director wishes to increase the number of retired officers, who may be employed by CIA under authority of Public Law 63 of the 82nd Congress, from the present statutory limit of fifteen to a number not yet finally determined.

Your attention is called to the fact that government-wide provisions regarding statutory home leave and educational allowances are about to be submitted to the Congress. However, there is no indication as to whether such bills will be passed, and it would be helpful to have such authority in the CIA Act itself. Precedent for such action is established, in view of the fact that special statutory home leave has already been granted to Foreign Service employees, and authority for the payment of educational allowances to Foreign Service personnel has now been included in the Foreign Service Act Amendments of 1955.

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Therefore, if you consider it to be in accordance with Agency policy, and desirable from the standpoint of Agency operations, to proceed at this time with special legislation to secure these benefits for CIA, we are forwarding herewith a proposed draft of such legislation together with an analysis thereof.

Walter L. Pforzheimer:
Legislative Counsel

CONCUR: _____
General Counsel

CONCUR: _____
Director of Personnel

CONCUR: _____
Comptroller

CIA INTERNAL USE ONLY

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Proposed Legislation for CIA

REFERENCES:

- A. Memorandum to DD/S from Legislative Counsel, dated 2 May 1955, same subject
- B. Memorandum to DD/S, Attn: Special Support Assistant, DD/S from Deputy General Counsel, dated 13 April 1955, subject: H.R. 4941-Foreign Service Act Amendments of 1955
- C. Memorandum to ADD/S from D/Pers, dated 4 May 1955, subject: Applicability to CIA of Allowance Provisions in Foreign Service Amendments of 1955 and Proposed Overseas Allowances Act of 1955

1. This Office has reviewed the proposed CIA Amendments of 1955, prepared by the Legislative Counsel, and offers the following comments for your consideration.

2. The Office of Personnel believes that the Agency's legislative needs should be met insofar as possible through legislation generally applicable in the Federal service, especially if it is supported by the Administration. It is believed that this course is preferable to the introduction of a comprehensive series of amendments, or a CIA act, which might invite a general Congressional examination of Agency activities and authorities. On the other hand, this Office believes that the Agency should immediately seek certain needed amendments, for which statutory authority is lacking and which cannot be obtained by any pending or contemplated general legislation. If action were confined to such requests, the Agency could justify them on the merits of the substantive proposals and on the basis of circumstances which are of unusual or peculiar concern to CIA.

a. As a result of the Agency's authority in P.L. 110, 81st Congress, to adopt certain provisions of the Foreign Service Act, as amended by the Foreign Service Amendments of 1955, it appears that various of the Agency authorities requested in Sections 3, 6 and 7 of the proposed CIA Amendments are already contained in the Central Intelligence Act of 1949. Assuming that the Agency already possesses such authority, it is questionable if the Agency should again request their approval by Congress in a series of CIA Amendments.

(1) Quarters and cost-of-living allowances, enumerated in Section 7 of the Amendments, are authorized by Section 5(b) of

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P.L. 110. The educational travel grants, proposed in Section 3 of the CIA Amendments; the physical examination of dependents, destined overseas, as proposed in Section 6 of the CIA Amendments; and the educational allowances and home transfer allowances proposed in Section 7 of the CIA Amendments apparently may also be authorized by the Director. In this connection, the Deputy General Counsel has discussed the various allowances authorized by the Foreign Service Amendments of 1955 (P.L. 22, 84th Congress) and has stated that consideration should be given to adopting the policy of applying the provisions of this Act to all persons abroad who are compensated from unvouchered funds (Reference B). He further indicated that "in our opinion, authority resides in the DCI to approve such a policy".

(2) The Office of Personnel recommended in a memorandum to the Assistant Deputy Director (Support), dated 4 May 1955 that the General Counsel specifically determine whether the Director's authority in P.L. 110 extends to the authorization of educational travel grants, as contained in Section 911(9) of the Foreign Service Act (as amended by the Foreign Service Amendments of 1955) and that an amendment to P.L. 110 be sought to include such authority in the event the power does not already reside in the Director (Reference C). This Office raised the issue since P.L. 110 authorizes in Section 5(b) the grant of allowances in accordance with Section 901(1) and 901(2) of the Foreign Service Act but does not specifically refer to Section 911(9) of the Foreign Service Act, pertaining to educational travel grants. It appears, however, from the opinion of the Deputy General Counsel that the Agency does possess the requisite authority for authorizing the allowances reflected in Sections 3, 6 and 7 of the proposed CIA Amendments of 1955 to personnel compensated on unvouchered funds.

(3) For the above reasons, this Office considers it appropriate to continue to utilize P.L. 110 as the basis for granting the allowances provided for in Sections 3, 6 and 7 of the proposed CIA Amendments unless, of course, it is determined that such authorities cannot be fully exercised under P.L. 110.

b. Consideration should be given to deferring a request for "Foreign Service type home leave", as embodied in Section 5 of the proposed CIA Amendments, until the status and future prospects for passage of the Administration's proposal for making this benefit generally available to overseas personnel become more definite. We assume that the recommendation by the White House Task Force that this benefit be extended to overseas personnel generally will be given serious consideration during this and the next ensuing sessions of Congress. It is further recognized that the consideration and enactment of a comprehensive series of CIA Amendments might entail as much time as would be required for Congressional action on general legislation sponsored by the Administration.

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3. Immediate consideration should be given to seeking adoption of the following amendments, for which the Agency does not have statutory authority and on which no general legislation is pending.

a. Revision of Section 5(a) of P.L. 110

In regard to the proposed change in Section 5(a) of P.L. 110 (as contained in Section 2 of the proposed CIA Amendments), this Office appreciates the desirability of covering personnel on TDY overseas and in U.S. territories and possessions under certain benefits, such as medical benefits. The proposed language in Section 2 of the CIA Amendments, however, could be construed to authorize all of the benefits in Section 5(a) to personnel on TDY overseas and in U.S. territories and possessions. It is questionable if the amendment can be justified in its present form. Moreover, with respect to the proposed deletion in Section 5(a), P.L. 110 of the words "its territories and possessions", it would appear appropriate in justifying the amendment to specify the areas concerned, as was done in the proposed Overseas Allowances Act. The Office of Personnel recommends that consideration be given to treating the benefits in sub-sections 5a(1) through (7) as separate sections and that the applicability of each section, if any, to TDY and U.S. territories and possessions be delineated.

b. Revision of Section 5(a)(3)(A) of P.L. 110

The proposed change in Section 4 of the CIA Amendments would eliminate the current requirement in Section 5(a)(3)(A), P.L. 110 that an individual must have sufficient annual leave to carry him in a pay status for 30 days in order to qualify for payment of home leave type travel. The proposed Amendment, however, would continue to condition the receipt of such home leave travel upon the completion of two years' continuous service abroad, or as soon as possible thereafter. Since the Agency prescribes overseas tours of duty in accordance with cover requirements, which in certain areas are of less duration than a two-year period, the statutory imposition of this minimal period as a prerequisite for home leave travel deprives personnel who are assigned to such areas of a statutory entitlement accorded other personnel. P.L. 737, 83d Congress, however, extends to Federal employees generally the same type of home leave travel benefit. The entitlement under P.L. 737 is dependent upon completion by an employee of an agreed period of service overseas, i.e., one to three years (under the provisions of P.L. 600, 79th Congress, and P.L. 830, 81st Congress). It also requires a signed agreement, executed before the employee's departure from overseas, that the individual will return overseas to serve another tour at the same or another overseas post. It appears preferable to consider an amendment to P.L. 110 which would permit the Director, under such regulations as he may prescribe, to provide home leave travel upon the satisfactory completion of a prescribed overseas tour. If a minimal period of service for such travel is considered essential, then consideration should be given to establishing

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it as 18 months in order to provide for this benefit to employees assigned to certain areas in the Far East.

c. Revision of Section 5(a)(5)(A) of P.L. 110

As indicated in paragraph 3a above, this Office favors extension of the medical benefits contained in Section 5(a)(5)(A) to personnel on TDY overseas and to those assigned to U.S. territories and possessions. Consideration should also be given to the amendment of Section 5(a)(5)(A) by the addition of the following words after the word "Agency": "or the dependent of such an officer or full time employee." It is the opinion of this Office that inequities arise in situations where dependents must travel considerable distances, particularly in the FE area, in order to obtain treatment at suitable hospitals or facilities. This travel is currently being made at an employee's expense. It is believed that legislation which would permit this Agency to pay for the cost of dependent medical travel in those areas where suitable hospitals or clinics are not locally available is justified and should be sought.

d. Revision of Section 5(a)(5)(C) of P.L. 110

The General Counsel has ruled that our present authority for payment of medical expenses for illness incurred overseas requires the termination of eligibility upon an employee's return to the United States, even though it can be shown by conclusive medical facts that his condition was clinically incurred, whether medically diagnosed or not, while he was assigned abroad. It is suggested that the following language be added after the word "clinic" in Section 5(a)(5)(C): "and the termination of such overseas assignment shall not, in and of itself, terminate entitlement to the benefits of this section for conditions clinically incurred during the overseas assignment."

e. Revision of Section 6(f)(1) of P.L. 110

The Office of Personnel endorses the proposal in Section 8 of the CIA Amendments, expanding the number of retired officers that may be hired under Section 6(f)(1) of P.L. 110, and considers it appropriate to seek such legislation at this time.

4. If the Agency decides to seek legislative approval of Section 7 of the CIA Amendments in its present form, this Office assumes the Agency would still be required to consider Section 10(b), P.L. 110 as its authority for representation allowances. It is also noted that differentials are not covered in the proposed Amendments. It would appear that if we are at this time attempting to establish our own allowances program, differentials should also be covered in Section 7 of the CIA Amendments.

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5. Similarly, if the Agency desires to obtain adoption of the provisions in Section 7 of the CIA Amendments relating to educational allowances, consideration should be given to the inclusion of a statement which would permit the advancement of funds for educational allowances. The General Accounting Office has advised that advance payments cannot be made under the provisions of the Foreign Service Amendments of 1955. It is our understanding, however, that the proposed Overseas Allowances Act, sponsored by the Administration, will contain a provision for advance payment of educational allowances. Accordingly, if such legislation is enacted, it would resolve the problem.

Signature
Harrison G. Reynolds
Director of Personnel

Attachments

Distribution:

- O&I -- Addressee
- 1 -- Legislative Counsel
- 2 -- D/Pers
- 1 -- SCAPS
- 1 -- ESD
- 4 -- PAS

CIA INTERNAL USE ONLY

3 February 1955

Mr. Roger W. Jones
Assistant Director for
Legislative Reference
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Jones:

This is in reply to your referral to this Agency of a draft bill "To authorize the training of Federal employees at public or private facilities, and for other purposes". This draft is of concern to this Agency in that Section 6(b) specifically repeals Section 4 of the CIA Act of 1949 which reads as follows:

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"(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled."

While we are sympathetic to the general proposition that all statutes regarding the training of Government employees be codified into a single statute, the language of the present draft will not encompass the training requirements of CIA for the reasons set forth below. It is, therefore, impossible for us to concur in its submission to the Congress in its present form.

The proposed draft contains a narrower concept of training and imposes broader restrictions in this field than our present statutory authority, cited above. For example, the preamble of the proposed draft refers to training "for civilian officers and employees of their agencies". This would bar the training of those military personnel assigned to CIA who require specialized courses before they can properly perform their functions with this Agency. Currently a few military officers receive short-term training at non-Agency facilities in connection with their work here.

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The definition of training, contained in Section 2 of the proposed bill, is somewhat narrower than that contained in our statutory authority and appears largely to be concerned with scientific, administrative and technical training. A good deal of the essential training needs of CIA concern cultural subjects and highly specialized courses which do not clearly fall within the draft's definition of training.

It is noted that the term "public or private facilities", as defined in Section 2(c) of the proposed draft, does not specifically include the authority for training at foreign public or private institutions as authorized by the CIA Act of 1949. As we utilize some foreign institutions in the course of our training program, we would wish to be certain that our special authorities in this regard are in no way abrogated.

In the light of the above, it is requested that any draft legislation on the training of Federal employees submitted to the Congress contain one of the following alternatives, insofar as such draft would apply to CIA:

(a) If it is desired to place all training statutes in one omnibus bill, then it would be appropriate to repeal Section 4 of the CIA Act of 1949, provided the language of that section is specifically re-enacted into law in the proposed bill. Such legislation should also specifically exempt CIA from the definitions of "Federal agency" as contained in Section 2(a) of the proposed draft; or

(b) Specifically exempt CIA from the provisions of this proposed bill and retain CIA's training authorization in Section 4 of the CIA Act of 1949.

It is noted in the Statement of Purpose and Justification, dated 8 January 1955 and prepared by the Civil Service Commission as an attachment to the proposed draft legislation, that agencies will report annually to the Commission on the training of their employees in non-Federal facilities. It is further noted in a footnote that exceptions will be made in the interest of national security, as for example in the case of CIA. While this does not present the statutory problem which faced CIA in connection with the Performance Rating Act of 1950 and early drafts of the Incentive Awards Act of 1954 (which in the former case required us subsequently to secure specific statutory exemption), it is obvious that there are some aspects of the training program of this Agency on which reports cannot be made to the Commission, and which the Commission would not be able to inspect or regulate. This added problem would serve to support our preference for

alternative (a) as expressed above. This alternative reflects the intent of some members of Congress as indicated by the provisions regarding this Agency in H.R. 2425, which has recently been introduced by Congressman Rees in connection with his Committee's work in the field of Federal training. The manner in which CIA has been handled in that bill is satisfactory to this Agency.

Sincerely yours,

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[Handwritten signature]

Legislative Counsel

OGC:WLP/blc (8 Feb.55)

Orig. & 1 - Addressee

1 - Mr. James Hyde (Bur. of Budget)

2 - Signer W/basic

1 - DD/S

1 - Training ~~W/Support~~

1 - Comptroller *[initials]*

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CONCUR:

DATE:

General Counsel

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Deputy Director/Support

~~CONFIDENTIAL~~

General Counsel

1 December 1954

Comptroller

CIA Legislative Program

There are listed below various items which we recommend for consideration in connection with the CIA legislative program:

- a. House Report No. 1760 entitled "Report of the President's Adviser on Personnel Management on Pay and Personnel Practices of Federal Employees Stationed Overseas", proposes the consolidation or revision of existing statutes relating to allowances and differentials in foreign areas and territories, home leave, education facilities, etc. The passage of legislation proposed in that Report would be of considerable benefit to this Agency, since it would provide a basis, which is not provided by present statutes, for compensating employees for extra costs and hardships due to overseas assignments.
- b. Consider the inclusion in P.L. 110 of language which would exempt CIA from the "merger of appropriations" restrictions contained in the Budget and Accounting Act of 1950, 64 Stat. (See Comptroller General Decision B-76028, and our memo to General Counsel dated 17 May 1952 on this subject).
- c. P.L. 110, Sec. 7, charges the DCI with the responsibility for ".....protecting intelligence sources and methods" and states that ".....the Agency shall be exempted from the provisions ofany.....law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency.....". As a matter of fact the Agency has not found it possible or practical to "exempt" itself from the various laws which require the disclosure of the names of employees or former employees in connection with the filing of Income Tax Returns, and the granting of Retirement Benefits, Social Security Benefits (see P.L. 761, effective 1 January 1955), Unemployment Compensation Benefits (see P.L. 767, effective 1 January 1955), Disability Compensation Benefits, etc. Instead of seeking exemption from the statutes which require disclosure of names, titles, salaries, etc., the Agency has followed the practice, and apparently has adopted the policy, of complying with the substantive provisions of law, and of

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establishing cooperative arrangements with the Departments concerned to withhold disclosure of names or limit access to names and CIA connections to the maximum extent practical. While the Departments concerned have been cooperative in the past, this does not afford definite assurance that they will be in the future. There is also the possibility that their responsibilities may, by subsequent legislation, be so strictly defined as to deprive them of the discretionary authority which they now exercise in connection with the cooperative arrangements established with this Agency to prevent disclosure of Agency identities and connections. It is, therefore, suggested that consideration be given to the possibility of obtaining statutory recognition of this problem by a supplement to P.L. 110, Sec. 7, somewhat as follows: "Provided that when the Director determines that compliance with any particular law which involves the disclosure of the identity or connection of individuals is necessary and in the public interest, he is authorized to make such arrangements as may be necessary with the heads of the Departments or Establishments concerned with the administration or enforcement of such laws, for compliance with the spirit and substantive intent of such laws in a manner that will prevent the disclosure of identities and connections which might be detrimental to the public interests."

- d. P.L. 495, 83rd Congress, pertaining to the recovery, care, disposition and burial of the remains of deceased government employees, grants powers and authorities to the Secretaries of the Army, Air Forces, Navy, Treasury, Health, Education and Welfare, and Commerce which are much broader than those granted the DCI in P.L. 110, Sec. 5(a)(6). Since many of the cases involving the disposition of the remains of deceased employees of this Agency are handled by the Army on a reimbursable basis, and inasmuch as the broader authorities granted in P.L. 495 are needed by this Agency in connection with the proper disposal of the remains of employees who die while on overseas duty, it is recommended that consideration be given to amending P.L. 110 to enable the DCI to exercise the authorities granted to the Secretaries of other Departments by P.L. 495.
- e. P.L. 110, Sec. 5(a)(7) - Consider desirability of amending last sentence concerning "Violations" of employment agreements to conform more nearly to the provisions of P.L. 830. This section is more restrictive than provisions of P.L. 830 which authorize the return of an employee to the U. S. for the convenience of the Government. Security considerations make it desirable that this Agency have such authority.

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- f. P.L. 110, Sec. 5(a)(2) - Delete the phrase "involving a change of permanent station". Delete the words "pertaining to the transfer" in line 5; delete the words "and transfer" in line 6, and delete the words "and transfer" in line 8. This amendment would not effect the amounts paid to the traveler, but would enable the Agency to charge all travel and transportation costs to the appropriation for the fiscal year in which the travel or transportation began instead of prorating it between fiscal years. At present this can be done in connection with travel and transportation costs incident to a transfer of official station, but cannot be done in connection with travel costs for temporary duty, home leave, reporting to first post of duty, and return for separation. This amendment would result in a savings to the Government by permitting more effective and efficient budgeting, allocation, and accounting for funds expended for this purpose.

E. R. SAUNDERS

FPB/jh

Distribution:

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1 - Signer ✓
1 - Chrono

3 December 1954

COMMENTS RE MEMO TO GENERAL COUNSEL - SUBJECT: CIA LEGISLATIVE PROGRAM

- a. No additional comments.
- b. I do not think an amendment re merger of appropriations is necessary. The restrictions contained in The Budget and Accounting Act of 1950 refer to transferring functions or activities such as the transfer of function of Government and Relief in Occupied Areas from Department of Defense to Department of State. Any reimbursement to other Government agencies for services, procurement, etc., would be made in accordance with Sec. 601 of the Economy Act of 30 June 1932.
- c. Recommendation is made that any supplement to P.L. 110, Section 7, regarding the disclosure of information include specific reference to the terms "organization, functions, names, official titles, salaries, or numbers of personnel employed by this Agency," as now written.

The Agency's functions would be revealed to some extent if Records Disposal Schedules are submitted to the Archivist of the United States inasmuch as the bodies of records proposed for disposal must be clearly itemized and identified.

- d. No additional comments.
- e. No additional comments.
- f. Our present authority is broad. State Department has similar authority but it is limited to travel of personnel outside continental U. S., whereas our authority is limited to travel and transportation involving a change of permanent station. While the proposed change would result in a savings to the Government, would the total amount to be saved warrant a change in legislation?

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*Additional Comments were noted on Attachment A,
Review of Legislation passed by 83rd Congress, 2nd Session
Hm*

SECTIONAL ANALYSIS OF A PROPOSED BILL TO
AMEND THE CENTRAL INTELLIGENCE AGENCY ACT
OF 1949, AS AMENDED, AND FOR OTHER PURPOSES

OGC Has Reviewed

SECTION 1.

Under Section 3(a) of the Central Intelligence Agency Act of 1949 the Agency is authorized to exercise certain procurement authorities contained in the Armed Services Procurement Act of 1947. The specific sections of the Armed Services Procurement Act, the authorities of which CIA was authorized to exercise, were incorporated by reference in Section 3(a) of the CIA Act of 1949. Since passage of the CIA Act, additional functions have been assigned to the Agency. This, and added experience, indicate the need to exercise other authorities contained in the Armed Services Procurement Act of 1947.

Under Section 2(c) of the Procurement Act, the Armed Services may negotiate purchases and contracts without advertising in seventeen listed circumstances. The Agency is authorized by Section 3(a) of the CIA Act to negotiate in ten of these circumstances. The Logistics Office has requested that the remaining negotiation authorities of Section 2(c) be given this Agency.

This increase in Agency negotiation authorities, to make them the same as those of the Armed Services, would be accomplished by modifying Section 3(a) of the CIA Act to authorize the Agency to exercise all the authorities contained in Section 2(c) of the Armed Services Procurement Act.

The Agency has substantial and vitally necessary programs in fields where research and development, standardization of equipment and

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provision of new or stand-by production facilities is a necessity. The negotiation authorities contained in Sections 2(c) (11), (13), (14), and (16) of the Armed Services Procurement Act are requested to facilitate this work.

In addition, in the field of procurement the Agency faces generally all the problems encountered by the Armed Services although in some cases only to a minor degree. For this reason it is felt appropriate to request inclusion of the negotiation authorities in Sections 2(c) (8) and (9) of the Armed Services Procurement Act as these circumstances are actually encountered although they were not foreseen at the time the Central Intelligence Agency Act of 1949 was enacted.

Medical facilities are provided our personnel in certain necessary and legally allowable circumstances. As indicated by Section 2(c) (7) of the Armed Services Procurement Act, there should be authority to purchase these by negotiation, since considerations of quality and exact composition often must outweigh a small difference in price.

To further contribute to brevity and clarity, the reference to Sections 3 and 4 of the Armed Services Procurement Act has been deleted from Section 3(a) of the CIA Act. These are only two of a number of provisions in the Armed Services Procurement Act and elsewhere which apply to our procurement and are followed as a matter of course.

Section 7 of the Armed Services Procurement Act, providing for delegations of authority and covering procedures for making determinations, is included in the CIA Act of 1949 as Sections 3(c) and (d). It is proposed

provision of new or stand-by production facilities is a necessity. The negotiation authorities contained in Sections 2(c) (11), (13), (14), and (16) of the Armed Services Procurement Act are requested to facilitate this work.

CIA operations are often carried on in conjunction with the Armed Services or under their cover or in accordance with their procedures. To a similar or greater extent, our personnel may be cut off from normal civilian life and the normal sources of supply and need to depend for subsistence and supplies on an organization or unit to which they are attached. Supplies may need to be purchased for their use and the negotiation authorities contained in Sections 2(c) (8) and (9) of the Armed Services Procurement Act are requested for this purpose. Medical facilities are provided our personnel in certain necessary and legally allowable circumstances. As indicated by Section 2(c) (7) of the Armed Services Procurement Act, there should be authority to purchase these by negotiation, since considerations of quality and exact composition often must outweigh a small difference in price.

To further contribute to brevity and clarity, the reference to Sections 3 and 4 of the Armed Services Procurement Act has been deleted from Section 3(a) of the CIA Act. These are only two of a number of provisions in the Armed Services Procurement Act and elsewhere which apply to our procurement and are followed as a matter of course.

Section 7 of the Armed Services Procurement Act, providing for delegations of authority and covering procedures for making determinations, is included in the CIA Act of 1949 as Sections 3(c) and (d). It is proposed

to delete these sections of the CIA Act and incorporate Section 7 by reference.

In fulfilling its unique mission, the Agency lets contracts from time to time for important and novel research and development work. Such contracts often must extend over a relatively long period in order to accomplish the desired result and do not accommodate themselves to fiscal year limitations. The proposed Section 3(b) authorizes such contracts for periods up to five years.

Certain procurement authorities can be exercised under the Armed Services Procurement Act and the CIA Act of 1949 only after a determination has been made by the "head of the Agency." The CIA Act of 1949 defines this term (previously referred to as "Agency head") to mean the Director, the Deputy Director, or the Executive of the Agency. At the time of the passage of the CIA Act, the Agency had an Executive who exercised many of the authorities currently under the jurisdiction of the Deputy Director (Support). It is, therefore, determined to redefine the term "head of the Agency" for the purposes of this section.

SECTION 2.

The deletion of the words "its territories, and possessions," from Section 5(a) of the CIA Act of 1949 will enable CIA to equate certain benefits to its employees stationed in U. S. Territories and possessions with those paid to CIA employees in foreign areas. These benefits, not presently available to employees stationed in the Territories and possessions, are largely in the field of allowances, including quarters and transfer allowances. This amendment will correct an inequity which

now exists due to the fact that in certain U. S. possessions and Territories living costs are at times considerably higher than at foreign posts.

SECTION 3.

As presently worded Section 5(a)(1)(D) authorizes the Agency to pay the cost of storing furniture and household effects of an employee when he is assigned to a post where he cannot take such effects because of emergency conditions. This language is similar to the basic Foreign Service authority which has been modified in subsequent appropriation acts by deletion of the requirement for determination of emergency conditions. In many situations it is considerably less expensive for the Government to store effects than to ship them. This can occur without regard to emergency conditions. The experience of the Government generally has been such that the less restricted approach is taken in the proposed Overseas Allowances Act. This amendment will eliminate the requirement for determination of emergency conditions and will result in less over-all cost to the Government.

SECTION 4.

This proposed section will extend to CIA employees the same authorities granted to members of the Foreign Service of the United States by P. L. 22 of the 84th Congress, and its language is substantially identical to Section 11 of that Act. It will permit payment of one trip to a United States port of entry and return to his parent's post abroad during high school and another during college. The financial and morale problems which this section attempts to allay are serious, particularly for those employees with more than one child of school age. The cost of the

education and the travel within the United States will still have to be borne by the individual or his parents.

SECTION 5.

Section 5(a)(2) of P. L. 110 presently authorizes the Agency to charge expenses in connection with travel and transportation to the appropriation for the fiscal year current when any part of the travel of its personnel begins notwithstanding that the travel may not be completed during that current fiscal year. This authority now is limited to travel involving permanent change of station. The reasons underlying the original authority, i.e., ease of administration, appear to be equally applicable to temporary-duty travel and this amendment would authorize similar handling of travel expenses whether the travel involved permanent change of station or temporary duty.

SECTION 6.

This proposed section is substantially similar to Section 933(a) of the Foreign Service Act (P. L. 724), except that this authority which is applicable to U. S. citizens will also extend to aliens who are residents of the continental U. S. or its territories and possessions at the time of employment. This is designed to cover a unique problem for CIA, which in the nature of its operations must recruit a large number of highly qualified foreign technicians or specialists. This amendment would facilitate this recruitment and would also facilitate the re-Americanization of desirable aliens in this category.

An additional reason for this amendment is to bring this section up to date through the deletion of obsolete references (5 U.S.C. 30,

30(a), and 30(b) have been repealed) and to ensure that employees are eligible for return home after two years overseas, even though they may not have accumulated 30 days' leave during that period, as is possible under current law for certain classes of personnel.

SECTION 7.

This proposed section extends the statutory home leave provisions of the Annual and Sick Leave Act of 1951 to CIA employees stationed overseas, and thus places CIA employees on a similar basis to members of the Foreign Service in this regard. The phrases "and as it may hereafter be amended" are inserted in order to equate proposed CIA legislation to the Corbett Bill of 8 February 1955 (H. R. 3820). In the event that H. R. 3820 is passed, there would be no need for this proposed section of the CIA legislation.

SECTION 8.

Section 5(a)(5)(A) of the CIA Act of 1949 authorizes the Agency to pay the travel expenses of an officer or full-time employee of the Agency to a suitable hospital or clinic and return in the event of illness or injury to such person requiring hospitalization, if such employee is assigned abroad in a locality where a suitable medical facility does not exist. It further provides that if such person is too ill to travel unattended, the Agency may also pay the travel expenses of an attendant. The proposed amendment extends these authorities to members of the employee's family who accompany the employee on his assignment abroad and who incur illness or injury requiring hospitalization. Because of the location of some of the CIA posts of assignment, adequate medical

facilities are not always available. As the members of the employee's family find themselves in these localities solely because of the employee's employment with CIA, as adequate medical facilities are often lacking, and as the cost of travel for a dependent to adequate hospital facilities is often quite expensive, it is felt that it would be appropriate for the Agency to bear such costs.

SECTION 9.

This proposed section will amend existing CIA statutory authority to authorize the payment by CIA of the cost of treatment where illness or injury requiring hospitalization has been incurred by a member of the family accompanying an officer or full time employee of CIA on assignment outside the continental United States. However, payment will be made only where such illness or injury occurs through circumstances directly related to the duties or duty station of such officer or employee. This section establishes a criterion for these dependent benefits in requiring a causal connection between the illness or injury and the place and nature of the employee's assignment. A considerable number of CIA employees and their families are located in areas of the world where serious diseases such as polio, acute hepatitis and tuberculosis are endemic. Treatment of the nature herein proposed is available for the families of military personnel stationed abroad and failure to provide similar treatment for CIA personnel has been a handicap in recruiting for and assigning of key personnel to many critical areas of the world. These same considerations apply with respect to the proposed amendment in Section 8.

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SECTION 10.

Section 5(a)(5)(D) of the CIA Act of 1949, as presently worded, grants substantially the same authorities providing physical examinations and inoculations to Agency employees as were granted to employees of the Foreign Service under Section 943 of the Foreign Service Act of 1946. Section 12 of the Foreign Service Act Amendments of 1955 authorizes the administration of physical examinations and inoculations to dependents although in the past this has been done in practice. There had been some concern that existing law did not clearly authorize the practice; therefore, this amendment was considered a technical clarification of the existing authority. The proposed amendment to Section 5(a)(5)(D) accomplishes the same purpose.

SECTION 11.

This new provision will allow the extension of certain medical benefits to CIA employees who are assigned abroad on temporary duty on the same basis as to those on permanent duty. The possibility of line-of-duty illness or injury is equal in both cases. It will also provide for the Agency to pay the cost of preparing and transporting the remains of a CIA employee who dies while on temporary-duty status abroad, as is presently provided for those who die while on permanent duty overseas. The proposed amendment will thus equalize benefits in this category for CIA and Foreign Service personnel. It had been originally intended that they would be equal, but the present language of Section 5(a) of P. L. 110 expressly restricts the coverage of such benefits to personnel assigned to permanent-duty stations overseas. There is no such restriction in

Foreign Service legislation, and these benefits are presently available to all such personnel irrespective of whether they are in a temporary- or permanent-duty status.

SECTION 12.

Sections 901(1) and 901(2) of the Foreign Service Act of 1946 were incorporated by reference into Section 5(b) of the Central Intelligence Agency Act of 1949. Since that time, Section 901(2) of the Foreign Service Act has been amended, and there is a possibility of further amendment in the proposed Overseas Allowances Act. This proposed language brings CIA authority regarding allowances in line with existing or proposed provisions in other legislation. In addition to the provision of allowances there has been included as a new subsection 5(b)(3) basic authority for the Agency to pay post differentials. The Foreign Service Act, as amended, has been used as the principal model.

SECTION 13.

The existing law now provides that Foreign Service personnel are entitled to exclude from gross income for income tax purposes the various allowances authorized them under the Foreign Service Act. It is desirable that the Agency have similar authority in view of the fact that the provisions of this proposed bill will establish separate and basic authority for the Agency to pay similar allowances. In the proposed Overseas Allowances Act the law relating to exclusion for tax purposes of allowances received by other Government employees is proposed to be amended to provide only that allowances received under the provisions of that Act would receive benefit of exclusion. Therefore, it is desirable that the Agency receive

its own authority in this field if its employees are to enjoy the same tax treatment as all other Government employees abroad.

SECTION 14

This proposed amendment authorizes CIA to pay a death gratuity of \$1,000 to the survivor of an Agency employee, immediately upon official notification of death.

The need for such a payment arises from the unusual security requirements imposed upon Agency personnel, which in turn cause certain inequities to the survivors by causing delays in receiving the monetary benefits to which such survivors would normally be entitled.

Acquisition of existing death benefits, provided by the Civil Service Retirement Act of 1920, as amended by the Federal Employees Compensation Act of 1916, as amended, and by commercial insurance, is contingent upon compliance with certain administrative requirements. The primary purpose of the Retirement Act is to supply a subsistence fund over a period of years and not to alleviate the immediate financial burdens attendant upon the death of a breadwinner. The death gratuity is aimed at the latter. In normal Government employment the facts and records necessary to effect fairly rapid payment of claims or benefits may be made available by the agencies concerned. In the case of CIA, security factors inherent in the intelligence function often cause inordinate but unavoidable delays to arise in the acquisition, processing, and review of data required to prove the claims. It is frequently impossible to supply the complete information necessary to substantiate the claims to the Civil Service Commission or Bureau of Employees Compensation without jeopardizing intelligence sources. As a result the survivors of

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CIA employees are often at a disadvantage, particularly during the period immediately following the employee's death, when ready cash is urgently needed to tide over current and accrued obligations and meet emergency needs.

A survey of CIA death cases in 1952-1953 indicates that the settlement of decedent's accounts with the Agency has taken from 1 to 10 months, with the average running approximately 3-1/2 months. Leave records and financial accounts must be settled before a claim for benefits may be submitted. Delays have been particularly apparent in connection with accounts which must be returned from overseas.

Precedent for the payment of death gratuities exists in the military services, which have been authorized to pay a death gratuity since 1908. This gratuity consists of an amount equal to six months' pay at the rate received by the officer or enlisted man at time of death.

During the past three years approximately 18 employees have died each year. This would represent an average yearly cost of \$18,000 to the Agency. The cost of administering this program would be negligible, as death gratuity payments would involve a minimum of administrative procedures.

SECTION 15.

Under present statutory authority, CIA is authorized to employ 15 retired officers of the armed services, whose employment by the Federal Government would be otherwise barred by other statutory limitations on the employment of such officers. This proposed amendment

would raise the number of such officers who could be employed by CIA from 15 to 35. It was pointed out in the report of the Clark Committee, and this Agency concurs in its conclusion, that increased use should be made, if possible, of the talents of retired military officers whose ability and experience fit them for the types of work done by this Agency.

SECTION 16.

Section 3648 of the Revised Statutes provides that there shall be no advance of public money unless authorized by the appropriation concerned or by law, or by certain stated exceptions in Section 3648; it provides further that in contracts for the performance of services or the delivery of articles of any description for the use of the United States, payment shall not exceed the value of such service or article delivered previous to such payment. This provision works a hardship in certain foreign countries, whose laws or customs require advance payments, particularly of rent. Frequent exceptions have been made to this provision of law; e.g., for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U.S.C. 529 f), the Office of Scientific Research and Development (31 U.S.C. 529 h), and for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce. This statute is also specifically waived for the armed services, and the Department of State has acquired an exception in its current Appropriation Act (P. L. 133 of 7 July 1955).

SECTION 17.

This proposed section provides a retirement standard for CIA personnel within the framework of the Civil Service Retirement Act.

It provides that for the purpose of computing eligibility for retirement and the amount of the annuity to be received, each year of service abroad as an employee of CIA shall be credited as one and a half years of service, and each such year of service abroad shall serve to lower the retirement ages prescribed in the Civil Service Retirement Act by six months. It is also provided that voluntary retirement shall not be allowed for such employee until he has reached the age of 50. This section also provides that the annuities payable under the Retirement Act shall not be reduced because of the lowering of the annuitant's retirement age under this section. CIA feels that retirement benefits should not accrue to its employees merely because of employment with the Agency. It feels that these benefits should arise primarily because of overseas service with the Agency. Although there is no exact precedent for this proposed amendment, the retirement provisions of the Foreign Service Act of 1946, and of 5 U.S.C. 591(d) with respect to certain investigatory personnel, are similar.

SECTION 18.

This provision corrects a typographical error in Section 10(a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the chapter number was omitted from the final printed versions of the bill as passed.